Proceedings

App. F. IX-4

1924

File No. 11-28

Previous References
J.O.F 40-26 (1 & J.O.F

Serial Nos. 1-5

Later References
J.O.F 36-30 (1-4)
G-F-25-3-1 (3, 11, 12)
J.O.F 44-33 (5, 6, 8, 9)

p.36(E)

General and Revenue Secretariat.

Serial Nos. Files

Part B for January 29

SUBJECT

Proposal to form a Jaisalmer Civil Reserve Stabilisation Fund.

D.6460-P 20.12.28

Sir J.O.F in the Court of
in which the
Passed Above on.

General and Revenue Secretariat. S.v.7- File No. 11 of 1928.

Serial No.

1 Letter no. 605 dated 30th July 28 from the Director S.D.C. recommending the formation of a Sandalwood Stabilisation fund & in the alternative that the surplus remains accruing receipts over the budget estimate last year may be set apart to form a nucleus for the formation of the fund.

S.v.7. Ledger 6 (1-4)

Submitted for orders with previous reference.

16-2-8-28.

It will may be considered if it is not practicable now to take up this question of building up a Reserve from the source indicated by the Dir.

Sec'y D) 3 9/8

9/8

9/8

To Sec'y with compts.

Rm. K. Rao:
Please note
i) the net receipts under II Forest Sandal Cut from 1920
ii) the budget provision (actual) surplus or deficit from 19-20.

10/8/28

10/8

4 Kindly reference is invited to the rules which govern the Reserve Fund.

Sec'y) 12/8

5 In the present condition of the State finances it is not possible to create a Reserve for the

NOTE—Contn. Sheet.

WD 01714—GPB—30,000—18-4-28.

(2

General and Revenue Secretariat. S.S. File No. 11 of 192 6

Serial No.	
	purpose of the Sandal oil Factories, exclusively. As resolved at the last meeting of the Sandal oil Board, ~~The policy of crediting~~ the excess realisations over what the Administration may normally expect as the net receipts from the Factories may be credited to the Special Non-recurring Reserve - which may be called by the abridged name of the Special Reserve - So that the money may be available not merely to stabilise the ~~revenue from~~ annual income from the Sandal oil Factories to the State, but also to meet any other ~~general~~ demands of a non-recurring nature - The Director proposes that the amounts thus credited to the Special Reserve shall not be made available for Revenue expenditure cannot be accepted - b The utilisation of funds at the credit of the Special Reserve is in the last resort an administrative matter with Govt and the Legislature - If the principle of crediting the excess receipts to the Special Reserve be accepted, action will be taken to give effect to the arrangement in the accounts of the current official year - The realisations over and above the amount of the Revised Estimate will may be credited to the Special Reserve, or in other

NOTE—Contn. Sheet.

WD 01714—GPB—30,000—18-4-28

(3)

General and Revenue Secretariat. File No. 11 of 1928

Serial No.

GEN. & REV. DEPARTMENTS
1 AUG 1928
DEVELOPMENT BRANCH.

words the drawings from that Reserve to finance part of the year's expenditure will be replaced

4

10-8-28

I think a case has been made out for a £07 stabilisation fund, and the Fe Sec has admitted that "theoretically the proposal of the Board is deserving of consideration."

See para 14 in file put up - Flight

8 The object for which the formation of the fund is advocated - viz, to provide a reserve which may be drawn upon in the "lean years" of the factory - would not be served by crediting the excess receipts to the Std non-recurring reserve and made available for for all Stute demands of a non-recurring nature. It may well happen that the claim of the factory will, under this arrangement, be swamped by a multitude of other claims of a permanent and urgent nature. If it could be provided that the requirements of the factory shd form a first charge on this reserve, at least to the extent to which the factory has contributed

NOTE—Contn. Sheet.

General and Revenue Secretariat. File No. 11 of 1928

Serial No.

DEWAN'S OFFICE
Received on
3 AUG. 1928
Reg. No. 1129

OFFICE OF THE FIRST MEMBER OF COUNCIL
21 AUG. 1928
No. 1234

to the reserve, this objection would thus be met to some extent, but in this case the maintenance of the Factory reserve will in effect be by way of a loan to (and not a constituent part of) the general reserve.

1st Member
Devan

NR
20 8 28
WP
20/8.

The proposal of the Dir and the Sandal oil Board is in the interests of general finance and also of the orderly financial Working of the factories. It is desirable to adopt the convention of regarding the excess over the last five years average net revenue from the factories as not available for ordinary purposes and of Crediting such excess to the Special Reserve for use for Non-recurring demands.

Mudr
NR 22/8/28
WP 23/8

Council Matter
xii of Schedule

1.0 JMJ
23-8-28

Chief Sec^t with compliments

C S
24.8.28

NOTE—Contn. Sheet.

NR
WP 24/8 24 8 28

WD 01714—GPB—30,000—18-4-28

5

(For Disposal at a Meeting)

No. C. 88

of 1928-29

GENERAL AND REVENUE SECRETARIAT.

Council Matter.

SUBJECT

(clause XII of the schedule)

Proposal to form a Sandalwood Oil Revenue Stabilisation Fund.

CIRCULATED TO THE MEMBERS OF COUNCIL.

By Order,

Chief Secretary to Government.

25th August 1928.

1358/27/8 First Member of Council. 27.5.28

1821/27/8 Second Member of Council.

2330/27/8 THIRD MEMBER OF COUNCIL. 27/8

D2

948

5 C88.

(5C

S.O.7.4-28

Subject:-

Proposals to form a Sandalwood Oil Revenue Stabilisation Fund.

OPINION OF THE COUNCIL.

11. N&Re

* The arrangement proposed in First Members minute dated 21/8/28 was agreed to in Council.

JMM
31/8.

12

H fest with compliments To

The Development Secretary with Compliments.

3 9 28

13 4

4.9.28

GEN. & REV. SECRETARIATS
4 SEP. 1928
DEVELOPMENT BRANCH.

JMM
1/9.

14 May this be intimated to Mr Dixi, SOT ?

WP
3/9

1589
6/9. 1st Members 15

5 9.28

Yes
7.9.28

7 9 28

General and Revenue Secretariat. File No. 11 of 1928.

The file was received back today from the Dail secretary. Please take necessary action

D. 2444 2/10/28

GEN. & REV. SECRETARIAT 2 - OCT. 1928 DEVELOPMENT BRANCH

~~Has been received from H. Secy.~~

Noted

2 Letter No. 1707 dated 19th Sept. 1928 from the Govt. S. of S. stating that the question of Stabilisation fund was considered again at the S. of S. Board and suggests the desirability of forming a fund from 1927-28.

20 Submit for orders. Govt. M. R. 20/9/28

(18 numbers)

1) File recd. from H. Secy: on 1.10.28.

17 The Director has since sent another reply on the subject ~~of average~~ ~~calculations~~ ~~based~~ ~~on~~ ~~fixed~~ ~~seasons~~. and that paper has been referred to the H. Secy. for putting up some papers. If agreed, its return will be awaited before putting up a draft.

Sd. 2.10.28

18 Please remind the H Secy.

MM 3/10

19 H. Secy. for kindly putting up the file tomorrow-

Sd. 5.10.28

H. Secy)

The other file has already been sent

(MM 6.10.28)

2

4 Please send to Director enclosed the H. Secy's note on the print. Vide file re preliminary accts. for 1927-28. Govt M.R. 20.9.28.

NOTE—Contn. Sheet.

General and Revenue Secretariat. S.07 File No. 11 of 1928.

Serial No.	
	22- H. Secty: for favour of putting up his papers returned to by the I Member on the previous page. 18.25.9.28. H/Secty
	23 The file containing the financial secretary's note on the Preliminary Accounts for June 1928 has been sent on to Hd Qrs Camp on 20.9.28 H Secy's After its return from camp it will be sent on to the Accts Branch. Subs 28/9
	24 H. Re. for putting up the file if it has been received. 18.10.28.
	25- Extract received from the H- Secty. is put up below. 26- Submd with a draft as ordered by the Member at para 24. If approved, the order as at page 11 & 15 (page 5) will be put up on receipt of Director's reply. 28 18.9.28. Dy Accts Genl to submit. 10/10
27	

Mr Ref. please mention from the file in which the Extract is required.

D. 3 Accts.

NOTE—Contn. Sheet.

Serial No.

3

Letter no. D.4267 dated 12th October 1928 to the Director, S.D.7. forwarding for remarks an extract from the Financial Secretary's note on the Comptroller's preliminary accts that about 3 lakhs of rupees have to be ~~credited~~ transferred to the credit of the Special Reserve in the Accts. of 1927-28.

29. Subd after issue (Refee. paras 26 and 27).

18-12-28. (Sd) Sec'y D)

WP 12/10.

WP 20/10/28

WP 20/10

Sir Bhee. 1-11-28.

4

Letter no. 2680 dated 27th Oct. 28 from the Dir. S.D.7. stating that it is desirable to take the net-revenue earned by the factories for determining the average after five years ending 1927-28.

30. Subd with reference to para 29 (1) The Director wants the excess amount to be credited to a Separate head called Sandalwood Stabilisation fund instead of crediting it to the Special Reserve. This cannot be agreed in view of paras 9 and 11.

Serial No.

32 The next point for consideration is whether a fund can be formed at this time of the year when the Comptroller has perhaps closed his accounts for 1927-28.

Subd for orders.

K.S. 5.11.28

33 It may be further considered.

Sect D)

WP 5/11

34 Re test with complts for favouring opinion on [pt raised in] para 32.

35 In regard to the other points raised in the Dir's letter, I take it that the average that adopted is of the net revenue (please see 1st Member's minute, para) and that the formation of a [special] Sandal wood oil reserve has been definitely negatived.

WP

6/11/28

WP

6/11

36 There is no question of forming a separate Sandal wood oil Reserve fund.

37 The only point for consideration is whether the average of 5 years should be calculated on the basis of the net receipts under the budget head II - Forest - Sandal wood oil net receipts, after taking into account all charges debitable

R 1543

27/11/28

NOTE—Contn. sheet

6

Serial No.

This revenue is only with reference to the net revenue of the factories. I confess I am unable to appreciate the distinction to be made by the Director - why charges incurred by the Forest Dept. in exploiting sandal wood should be excluded from computation, it is difficult to see. At any rate, it would be simpler to take the net receipts under the minor head for arriving at the average, as the normal revenue available for ~~[illegible]~~ recurring purposes of the administration. The excess over this realised in any year will, as already decided by Govt. be credited to the Special Reserve, so that it may be drawn upon when necessary for meeting non-recurring items of expenditure -

7-11-28.

(1st Member)

12/11/28

38 The financial view has to be accepted.

(5/11/28

39. Draft orders issued

15/11/28

40. Submitted with a draft G.O. for consideration. H. Secy. has not-

GEN. & REV. SECRETARIAT
9 NOV. 1928
DEVELOPMENT BRANCH.

OFFICE OF THE FIRST MEMBER OF COUNCIL
5 NOV. 1928
No. 2950

Serial No.

gives his opinion whether the fund should be formed from the current year. Since the Comptroller's accounts for 1927-28 have been closed, it is proposed in the draft that a fund may be formed from the next year; This is subject to approval.

41. H. Secy. may also be consulted re the suitability of the draft, if deemed necessary.

18.11.28

S.O.

42 For approval

Sd/- 29/11

Sen Secy

43 Please type as revised

Sd/-

21/11/28

Sd/- 24/11

44. Typed draft submd.

24.11.28.

S.O.

Sen Secy 45. 24/11

For appl (Ext sanction is for orders)

Sd/-

25/11/28

1st Member (through H. Secy)

Sd/- 27/11

46 The accounts of 1927-28 are finally closed. The order may have effect from the current year.

28.11.28

Sd/-

47

Sd/-

3/12/28

1228

2884/28 Sd/- 1784

Sd/- 28/11/28

Sd/-

1 DEC. 1928 No. 33405 GEN. REVS. SECRETARIAT

29 NOV. 1928 DEVELOPMENT BRANCH

NOTE—Contn. sheet

General and Revenue Secretariat

File No. 77

12 App. F. III—2] of 1923

OFFICE SECRETARY 4 DEC. 1928

Serial No.

Maybe circulated

Chief Secy with compliments

3/12/28.

C.S. agree 5/12 M

NOTE—Contn. sheet

WD 021—GPB—30,000—21-8-28

(For Disposal by Circulation)

No. C.88

.....9 1928-29.

GENERAL AND REVENUE SECRETARIAT.

COUNCIL MATTER.

SUBJECT.

Formation of a special reserve fund for stabilising the revenue from the Sandal Wood Oil industry.

CIRCULATED TO THE MEMBERS OF COUNCIL.

By Order,

.....5th December.....1928.

Chief *Secretary to Government.*

~~Extraordinary Member of Council~~

First Member of Council. (Opinion recorded.)

Second Member of Council.

Third Member of Council.

WD 2670—GPB—1,000—11-5-17

For favour of Final Note,

First Member.

Signed Final Note is

App. F. III—2]

General and Revenue Secretariat.

S.07 File No. 11 of 1928.

Serial No.

Subject:- Stabilization of the Revenue from th Sandal Wood Oil Industry.

DEWAN'S OFFICE
12 DEC. 1928
No. 02105

46 S.N. submitted.

new
12/12

Dewan)

49 MM
13-12-28

NOTE—Contn. Sheet.

WD 01714—GPB—30,000—18-4-28

S.O.7-11-28

Final Note by the First Member of Council.

(15

51) ***Subject:—***

Stabilization of the Revenue from the Sandal Wood Oil Industry.

The Director of Sandal Oil Factories has brought to notice the need for the formation of a Sandalwood Oil Stabilization Fund by setting apart a portion of the net Sandal Wood Oil Revenue in favourable years, which might be drawn upon as necessity arises in unfavourable years. The object of this arrangement is to guarantee, as far as possible, a definite contribution from this source to the annual General Administration Finance and to form a Revenue Equalisation Fund for the purpose. He has accordingly suggested that the excess in the realization of 1927-28 over the Revised Estimate for the year might be set apart to form the nucleus of such a fund.

2. This proposal has been supported by the Sandal Wood Oil Board also, who have recommended that the demand on the Sandal Wood Oil Revenue might be limited to an amount to be fixed from time to time, and that the excess over and above it might be credited to the Special Reserve, if a separate Sandal Wood Oil Revenue Equalisation Fund is not considered necessary.

3. It is proposed to adopt ~~that~~, with effect from the current year, the convention of regarding the excess over the last five years average net revenue from the Factories as not available for the ordinary recurring expenditure of the Administration, and of crediting it to the Special Reserve.

(F. N. I.—contn.)

ಕರ್ನಾ. 11-28-
2.

4. The Dewan and the other Members of Council have agreed to this proposal and it may be graciously approved.

Papers 4, 5, 6 of Office Notes

Bangalore,
11th December 1928.

MEMBER OF COUNCIL.

S. 9-2-11-28 (17)

(14)

Submitted to His Highness.

50) I submit herewith a Final Note by the First Member of Council on the subject of Stabilization of the Revenue from the Sandal Wood Oil Industry,

for His Highness' gracious approval.

Mirza M. Ismail
Dewan.
13-12-28

pus

7, 07-11-28 (17a

Record of Cases submitted for the Orders of His Highness the Maharaja.

Subject.

Proposals for the stabilization of the revenue from the Sandalwood -- Oil Industry.

340

15-2- **Order.**

KRMP
14/12/28

C. Secy
M I
15-12-28

MM
15/12

3486

General and Revenue

Dft. 11-5 C88

SUBJECT

Proposals for the Stabilisation of the revenue from the Sandalwood oil Industry.

5-3

Circulated to Members of Council for perusal of His Highness' orders ~~before~~/after issue of orders. (*Vide* Rules 31, 33 and 34 of the Subsidiary Rules for the conduct of business of Council in the Manual of Council Rules and Procedure.)

By Order,

Chief Secretary to Government.

Through the Secretary to Government,

Dev Department,

54. Issue off-print for circulate. 18/12/28

Demd- No. D. 6460-2.82D.12.28.

FIRST MEMBER OF COUNCIL. 25/12/28

SECOND MEMBER OF COUNCIL. 30/12

THIRD MEMBER OF COUNCIL. 7.1.29.

Dev Secy with Compts.

7/1/29. 7/1

(*)

31. All urgent or confidential files returned with His Highness' orders may, in the absence of instructions or indications to the contrary, be ordinarily circulated to the Members of Council for perusal after the issue of orders.

33. The Secretaries concerned should see that orders in the cases referred to above are issued at once and that the files are returned immediately after to the Chief Secretary for circulation to the Members.

34. In all other cases, the files will first be circulated to the Members of Council at headquarters and then to the Secretariat concerned for the issue of orders.

H. Cem. 12869/135 Dt. 20.12.28

For financial Secy's opinion please see (Flag Y)

Draft Hereunder.

21/12

21/12

3888 24/12

4995 26/12

6988 3/1

NOTE.—Contn. sheet.

Communicated

General and Revenue Secretariat | S. 07 File No. 11 of 1928 (19

Serial No. 5

G.O. No. 6462 dated 20th Dec. 1928 from the Chief Commissioner, Coorg, to the Secretary to the Government of India, Department of Commerce and Industry, forwarding copies of Sandalwood Stabilisation Fund Rules.

B/.

GEN. & REV. SECRETARIAT
11 JAN. 1929
DEVELOPMENT BRANCH

NOTE—Contn. sheet

WD 021—GPB—30,000—21-8-28

2D

B76

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

No 2e 561-28.

A Statement showing the net receipts of the Sandal oil from 1919-20 and the general budget position during this period is putting.

	Sandal oil net Receipts	Rev.	exp.	Surplus + Deficit -
1919-20	- 462209	31312256	31297693	+ 14563
1920-21	445595	31312665	32785460	- 1472795
1921-22	569.603	31205389	32745479	- 1540090
1922-23	541.472	33070534	33047897	+ 22637
1923-24	1297612	33257262	33202060	+ 55202.
1924-25	16.66876	33962290	33935870	+ 26420.
1925-26	21.50.503	34686760	34602636	+ 34324
1926-27	20.29.568	33869349.	34739906	- 870567.
1927-28. Revd.	1966.000	34972000	34921000	+ 57000
1928-29 Budget	B. 18.46.000	35591000	35548.000	+ 48.000.

It is seen from the above figures that the general revenue position during all these years is one of deficit or of surplus - of nominal surplus - and does not admit of contribution to Reserve Funds like the one contemplated -

Secy
(15/8/28)

M.2=
13 c.

KW No 332

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

Tel. Address :—"Sandal Bangalore"

SANDALWOOD OIL FACTORY
SANKEY'S LODGE

No. 317/28

Bangalore, 30th July 192 8.

FROM

THE DIRECTOR,

SANDALWOOD OIL FACTORIES IN MYSORE,

BANGALORE.

CHIEF & REV. SECRETARIAT
948
31 JULY 1928
DEVELOPMENT BRANCH

To

The Secretary to the Government of
His Highness the Maharaja of Mysore,
Development Departments.

S. O. F. 11. 28-1

Sir,

I have the honour to invite reference to the correspondence ending with your letter No. D.11220/S.O.F.40-26-4 dated the 17th of June 1927, stating that it was not possible to set aside any share of the sandalwood oil revenue to form a Sandalwood Oil Revenue Stabilisation Fund as proposed in my letter to Government.

This subject was again discussed at the last meeting of the Sandalwood Oil Board held on the 18th of July 1928, when the Board after a careful consideration of the circumstances, agreed that the demands of the Administration on the sandalwood oil revenue should be limited to a figure to be fixed from time to time and that the excess over and above that amount should be credited to Special State Reserve, if it could not be left with the factories. The Board also resolved that the above be represented to Government for favourable consideration. An extract of the Board's resolution is submitted herewith for your information and ready reference.

S.O.F.11.28-1

The question has been discussed at a fair length in my letter No. 3712 dated the 7th of March 1927. I desire to add that, though the business reached a very high level during 1927-28, it is not by any means free from anxiety. As a matter of fact, the situation in some of our principal markets, especially in France, causes greater anxiety now

now than before. There is a material improvement in the gross realisation for the year 1927-28 as compared with the Revised Budget figures for the year and this improvement is over Rs.2 lakhs, and the actual figure will be determined after the accounts for the year are made up. At least this excess amount may be set apart to form a nucleus for the formation of the Fund. Should there be any difficult to build up such a special fund, this excess amount may at least be transferred to the Special State Reserve, thereby making it not available for revenue expenditure. I request you will kindly obtain Government sanction to this proposal.

I have the honour to be,

S i r,

Your most obedient servant,

Yeravasuega Rau

Director.

mvy

3

Extract from the Proceedings of the meeting of the Sandalwood Oil Board held on Wednesday the 18th of July 1928 in the Chamber of the First Member of Council.

=======

"The Director invited reference to the Board's Resolution passed on the 17th of January 1927, recommending the formation of the Sandalwood Oil Revenue Stabilisation Fund and Government Order thereon dated the 17th of June 1927 to the effect that it was not possible to do so and stated that, under the present circumstances, the proposition had to be taken up again for reconsideration. He explained that the same high level of business could not be expected from year to year and that sandalwood oil being a luxury product and our chief markets being outside India, the business was very susceptible to trade depression in any part of the world. There was also the serious competition of the West Australian sandalwood oil threatening in France.

The Board agreed that the demand of the Administration on the Sandalwood Oil revenue should be limited to a figure to be fixed from time to time and that the excess over and above that be credited to Special State Reserve, if it cannot be left with the factories. Resolved that the above be represented to Government for favourable consideration."

=====

M Bhavani Shankar
Director.

Tel. Address:—"Sandal Bangalore"

No. 1762

SANDALWOOD OIL FACTORY
SANKEY'S LODGE

Bangalore, 19th Septr. 1928.

GEN. & REV. SECRETARIAT
20 SEP. 1928
DEVELOPMENT BRANCH.

2444

FROM

THE DIRECTOR,

SANDALWOOD OIL FACTORIES IN MYSORE,

BANGALORE.

S. D-7-11-28-2

OFFICE OF THE
[illegible]
20 SEP. 1928
No. 1908

To

The Secretary to the Government of
His Highness the Maharaja of Mysore,
Development Departments.

Sir,

I have the honour to state that the question of setting apart a portion of the revenue realised by the sandalwood oil factories during the year 1927-28 just ended, was further discussed at the last Sandalwood Oil Board Meeting held on the 8th of September 1928. A suggestion was made at the Meeting that the average net revenue of the five years previous to 1927-28 might be adopted as the revenue for the year 1927-28 and fixed as the standard for the subsequent four years. Since there are some unfavourable signs in the market which might ~~have~~ adversely affect the business of the factories during the current year, it is very desirable to adopt this policy, with effect from the year 1927-28. I request you will kindly obtain the sanction of Government on this point.

I have the honour to be,

S i r,

Your most obedient servant,

Yrecarascega Rao

Director.

Submitted for orders

(1st Member)

20-9-28

Please send Dis WP

Extract of H

Secy's note of 20/9

Mrs print. Note

file re preliminary mtg

accts for 27-28 mtg

20/9/28

WP 21/9 21/9/28

[F. VI. G1]

SUBJECT.....

.....

.....

Diary No. of letter replied to.....

General and Revenue Secretariat

( )

the *192*

Date of issue 12.10.28

Signed by Mr. V.V.

List of enclosures.....

Copied by .....

Examined by .....

Section S.D.7.

File No. 11-28.

Serial No. 3

No. D 4267. Encl 1.

To The Dvi, S.D.S.

Sir

With reference to your letter no. 1707 dated 19 Sept. 1928 stating that a suggestion was made at the meeting of the S.D. Board on 8th Sept. 1928 that the average net revenue of the five years previous to 1927-28 might be adopted as the revenue for the year 1927-28 and fixed as the Standard for the Sub-Division for five years, and

over

WD0325—GPB—30,000—26-5-27

b

Suggesting that this policy may be adopted with effect from the year 1922-23. I am directed to forward herewith for favour of remarks an extract from the H. Secy's note on the Comptroller's preliminary accounts touching this subject.

Sd/- [illegible]

W.G. 10/10.

For Secy.

18.9.10.25.

Tel. Address:—"Sandal Bangalore"

SANDALWOOD OIL FACTORY
SANKEY'S LODGE

No. 2680 WR 29/10/28 WT 30/10

Bangalore, 27th October 1928.

FROM

THE DIRECTOR,

SANDALWOOD OIL FACTORIES IN MYSORE,

BANGALORE.

To

The Secretary to Government of

His Highness the Maharaja of Mysore,

Development Departments.

S.O.F. 11-28-4

Sir,

With reference to your letter No. D.4267/S.O.F.11-28-3 dated the 12th of October 1928 forwarding for my remarks an extract from the Financial Secretary's note in regard to the adoption of the average net revenue of the factories for 5 years previous to 1927-28 as the revenue for the year 1927-28, I have the honour to state that it is desirable to take the net revenue earned by the factories for determining the average of the 5 years previous to 1927-28. The Comptroller appears to have taken the net sandalwood oil revenue as shown in the Budget for determining this figure. It is the net revenue earned by the factories that is subject to market fluctuation. The other charges debited to this revenue in the Budget are variable from year to year according to administrative exigencies. The object of Government is not to have the Budget dislocated to any extent by the fluctuation in the market conditions. It follows that though the sandalwood oil revenue is mainly dependent upon market conditions, a safe figure should be adopted which may be considered as fairly certain to be realised irrespective of the ups and downs of the market. The average to be adopted will have, therefore, to be of the net revenue earned directly by the factories before it is debited with other charges as shown in the Budget. Coming down to concrete figures, the average net revenue of the factories of the 5 years previous

previous to 1927-28 is Rs.20,45,142. That has been arrived at by deducting the working expenses and depreciation charges from the gross realisations. Such net revenue for the year 1927-28 is Rs. 24,78,127. If the average referred to above, i.e., Rs.20,45,142 is adopted, in accordance with the Government Order on the subject, as the revenue for 1927-28, this leaves a surplus of Rs.4,32,985 or Rs.4.33 lakhs. I consider that this should be treated as the surplus revenue which should go to form the Sandalwood Oil Stabilisation Fund.

I may be permitted to observe that the full benefit of this Order could only be secured if this amount is left with the sandalwood oil factories to be shown under a separate head as Revenue Stabilisation Fund. The decision of Government that the surplus revenue should be credited to the Special Reserve, really amounts to a restraint imposed upon the Financial Department in this respect. In other words, the Financial Department should consider that the amount available for expenditure is reduced to that extent and programme the expenditure accordingly. If, on the other hand, the amount is left with the Financial Department the full benefit of the restraint cannot be had as it may some times be difficult for the Department to withstand pressure for additional financial accommodation. The safety therefore lies in keeping away this sum from the hands of the Financial Department. While I am thankful to Government for having duly appreciated the principle of building up a reserve for maintaining a steady sandal wood oil revenue irrespective of the fluctuating trade conditions, I would request that the principle may be given effect to completely by allowing the factories to retain the excess amount, as such a procedure would ensure the main object completely.

I have the honour to be,

S i r,

Your most obedient servant,

Yracaswiga Rau

Director.

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Extract from the Financial Secretary's note on the Preliminary Accounts for 1927-28 furnished by the Comptroller to Govt., Dated, 18th Septr. 1928.

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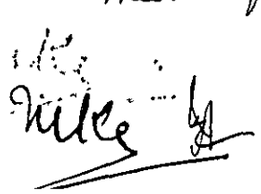
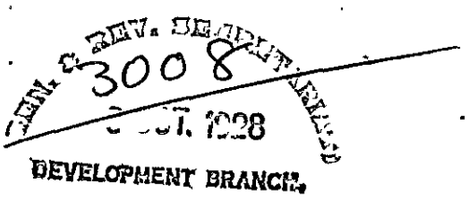
x x x x

Government have now passed orders that the excess over the average net revenue of the past five years realised from the Sandal Oil Factory should be credited to the Special Reserve. According to this decision a sum of about Rs.3 lakhs has to be transferred to the credit of the Special Reserve in the Accounts of 1927-28. This direction will be practically observed as the opening balance in the Special Reserve 6.38 which had been proposed to be fully drawn upon will be restored at the end of the year.

This will be forwarded to the Development branch with reference to their requisition of 6th instant -





No. Fl. 561-28.

A statement showing the net receipts of the Sandal Oil from 1919-20 and the General Budget position during this period is put up.

	Sandal Oil Net Receipts.	Revenue.	Expenditure.	Surplus + Deficit. −
1919-20	462209	31312256	31297693	+ 14563
1920-21	445595	31312665	32785460	− 1472795
1921-22	569103	31205389	32745479	− 1540090
1922-23	541472	33070534	33047897	+ 22637
1923-24	1297612	33257262	33202060	+ 55202
1924-25	1666876	33962290	33935870	+ 26420
1925-26	2150503	34636960	34602636	+ 34324
1926-27	2029568	33869349	34739906	− 870557
1927-28	1966000	34972000	34921000	+ 51000
1928-29 (Budget)	1845000	35591000	35548000	+ 43000

Lady draft

S. G. F. 11 — 28 — 5

Proceedings of the Govt., of His Highness the Maharaja of Mysore.

Read:-

Correspondence ending with letter No. 2680, dated the 27th October 1928 from the Director of Sandal Oil Factories, submitting proposals for the formation of a special reserve fund for stabilising the sandal revenue.

ORDER NO. D 6460-2 | S.O.F.11-28-5.

Dated Bangalore 20 Nov. 1928.

The Director of Sandal Oil Factories is of opinion that in the Sandalwood oil business, an unbroken succession of prosperous years is not to be counted upon and that bad years may be expected to occur occasionally. He proposes that a portion of the net Sandal wood revenue in favourable years should be set apart to form a Sandal wood stabilisation Fund, which might be drawn upon in unfavourable years as necessity arises. He suggests that the excess in the realisations of 1927-28 over the revised estimates for the year might be set apart to form the nucleus of such a fund.

The Sandal wood oil Board, agreeing with the Director recommended that the demand of the administration on the Sandal wood oil revenue should be limited to a figure to be fixed from time to time, and that -

the excess in realisations over that figure should be credited to the Special (State) Reserve.

Government consider that this proposal is in the interests of General finance and also of the orderly financial working of the Sandal Oil Factories. They think, however, that it is unnecessary to form a separate Fund for Sandal wood stabilisation as the Special State Reserve can serve the purpose equally well. They direct that in future the convention be adopted of regarding the excess over the last five years' average net revenue from the factories as not available for ordinary recurring expenditure of the administration, ~~purposes of the administration~~ and of crediting such excess to the Special Reserve. [A beginning will be made by crediting the excess net realisations of 1927-28 over the net revenue of the past 5 years.]

for orders
25-7-28

This order will come into effect from the current year

28/-
1-12-28

Secretary to Government,
Development Departments.

To

The Director of S. O. F., in Mysore.
The Chief Conservator of Forests.
The Comptroller through the Fl.Deptt.

Copy to Forest Section.

CG. 24.11.28.

TSS.

3/12/28

Orders

The Duke of Sotomayor is of opinion that in the Sandalwood and Ivory business, an unbroken succession of prosperous years is not to be counted upon, and that bad years may be expected to occur occasionally. He proposes that a portion of the net Sandalwood revenue in favourable years should be set apart, and so to form a Sandalwood Stabilising Fund, which might be drawn upon in unfavourable years to make up deficiencies. He suggests that the excess in the realisations of 1927-28 over the revised estimate for the

Year might be set apart to form the nucleus of such a fund.

The Sandalwood Oil Board appointed under the Act recommended that the demand of the Administration on the Sandalwood Oil revenue should be limited to a figure to be fixed from time to time, and that the excess over realisations over that figure should be credited to the Sinking State Reserve.

G.R.S. App. F VI G-2]

13

SUBJECT.....

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Diary No. of letter replied to.....

Sec S. D. 7.

File No. 11-28

Serial No.

General and revenue Secretariat

Proceedings of the Government of His Highness the Maharaja of Mysore.

( )

the 192 .

Date of issue.....

Signed by.....

Read— Correspondence ending with letter no. 2680, dated the 27th October 1928 from the Dir. S. D. 7., submitting proposals for the formation of a special reserve fund for stabilising the Sandal revenue.

May this be

i Printed ?

ii treated as a standing order ?

iii published in the Gazette, English Part ?

iv translated ?

v placed at the disposal of the press ?

vi published in the Gazette, Kannada Part ?

Order Thereon No.

The Director reports that in the operations of the S.O. Kadur F a continuous succession of prosperous bade years cannot be counted upon and that a bad year is likely to occur may be expected occasionally. ~~Sandal oil trade is~~ Government. He accordingly proposes

G. R. S. App F. G. 3.

GENERAL AND REVENUE SECRETARIAT.

(Continuation sheet draft form.)

Subject to approval as to the accounts for the year 1927-28 being duly closed.

A beginning will be made by crediting the excess realisations of 1927-28 over the net revenue of the first 5 years to the Special Reserve.

N. P.

11

purposes and of crediting such excess to the Special Reserve for use for non-recurring demands. They accordingly direct that a fund be formed from the next year's ~~savings~~ on the basis of the instructions laid down above and credits to the Special Reserve. Govt. are not in favour of forming a separate S. irrigation Oil Reserve fund.

for 29/11 D. Secy.

To. The Govt. S. of T.

" Ch. Engineer

" Comptr Irrig F. C.

Copy to H. Secy.

H. 29-11-28.

WD 0327—GPB—10,000—18-5-27